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AND THE BROADCASTING BOARD OF GOVERNORS
OFFICE OF INSPECTOR GENERAL

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**Audit of Bureau of Diplomatic Security
Worldwide Protective Services Contract –
Task Order 5 for Baghdad Movement
Security**

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United States Department of State
and the Broadcasting Board of Governors

Office of Inspector General

PREFACE

This report was prepared by the Office of Inspector General (OIG) pursuant to the Inspector General Act of 1978, as amended, and Section 209 of the Foreign Service Act of 1980, as amended. It is one of a series of audit, inspection, investigative, and special reports prepared by OIG periodically as part of its responsibility to promote effective management, accountability and positive change in the Department of State and the Broadcasting Board of Governors.

This report is the result of an assessment of the strengths and weaknesses of the office, post, or function under review. It is based on interviews with employees and officials of relevant agencies and institutions, direct observation, and a review of applicable documents.

The recommendations therein have been developed on the basis of the best knowledge available to the OIG and, as appropriate, have been discussed in draft with those responsible for implementation. It is my hope that these recommendations will result in more effective, efficient, and/or economical operations.

I express my appreciation to all of those who contributed to the preparation of this report.

A handwritten signature in black ink, appearing to read "H. W. Geisel", written in a cursive style.

Harold W. Geisel
Deputy Inspector General

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Acronyms

| | |
|-------------|--|
| A/LM/AQM | Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management |
| COR | contracting officer's representative |
| DS | Bureau of Diplomatic Security |
| DS/OPO/ HTP | Bureau of Diplomatic Security, Office of Overseas Protective Operations, High Threat Protection Division |
| FAH | <i>Foreign Affairs Handbook</i> |
| FAM | <i>Foreign Affairs Manual</i> |
| GTM | government technical monitor |
| INL | Bureau of International Narcotics and Law Enforcement Affairs |
| OIG | Office of Inspector General |
| PSS | protective security specialist |
| WPS | Worldwide Protective Services |

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Table of Contents

| <u>Section</u> | <u>Page</u> |
|--|-------------|
| Executive Summary | 1 |
| Background | 4 |
| Audit Objective | 6 |
| Audit Results | 7 |
| Finding A. Base Year Contractor Staffing Requirements Exceeded Movement Security Needs | 7 |
| Finding B. The Department Approved and Paid Invoices Containing Unallowable, Unsupported, and Erroneous Costs | 13 |
| List of Recommendations | 18 |
| Appendices | |
| A. Scope and Methodology | 19 |
| B. Personnel Staffing for the Embassy Program, the Airport Option Program, and the INL-Iraq Program | 23 |
| C. Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management Response | 25 |
| D. Bureau of Diplomatic Security Response | 27 |
| Major Contributors to This Report | 34 |

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Executive Summary

The Worldwide Protective Services (WPS) contract provides movement security, specialized emergency services, and guard services for diplomatic missions in high threat areas.¹ Awarded in September 2010, the WPS contract consolidated the requirements of the Department of State's (Department) previous Worldwide Personal Protective Security contract and individual local guard force contracts for U.S. Embassies Baghdad and Kabul. The Department awarded the WPS contract, Task Order 5, to Triple Canopy, Inc., in February 2011 to provide movement security in Baghdad, Iraq. Under the task order terms, Triple Canopy, Inc., is required to provide movement security for three separate programs: the Embassy Protective Program (Embassy program), the Airport Shuttle Run Protective Team Option (Airport option program), and the Bureau of International Narcotics and Law Enforcement Affairs (INL)-Iraq Protective Program (INL-Iraq program).

The Office of Inspector General (OIG) initiated this audit at the request of the Bureau of Diplomatic Security (DS) and under the authority of the Inspector General Act of 1978, as amended, to determine the effectiveness of the Department's management and oversight of the WPS contract, Task Order 5. The audit objective was to determine whether

- the contractor's work was adequately monitored,
- the contractor was performing in accordance with contract terms and conditions, and
- invoice review and approval procedures were in place to ensure accuracy and completeness of costs.

OIG determined that the contractor staffing requirements for WPS Task Order 5 exceeded the staffing needs for the Baghdad movement security missions. Specifically, of the 513 movement security personnel provided by the contractor, only 253² were used, on average, to conduct daily movement missions. The overstaffing occurred because DS did not conduct a needs analysis for staffing requirements prior to awarding the task order, and DS and the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management (A/LM/AQM), unnecessarily exercised the Airport option program, which added 84 movement security personnel to the task order. Further, although DS was ensuring that Triple Canopy, Inc., generally complied with the contract terms and conditions, DS did not review the contractor's daily movement detail reports or adequately review the contractor's muster sheets³ to assess the

¹ The Department defines high threat areas as countries with high to critical levels of political violence and terrorism, governments of weak capacity, and security platforms that are well below established standards.

² These numbers do not include the INL-Iraq program personnel. In addition, the movement security personnel include only the protective service positions responsible for actually conducting movement security missions and do not include other management or administrative positions.

³ Muster sheets are WPS contract-required deliverables that report contractor's staffing for labor billing. Muster sheets contain names, labor category, days worked, rest and recuperation, and other daily presence statuses for contractor staff. The contractor is required to submit monthly muster sheets signed by the regional security officer,

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actual number of security personnel being utilized against the staffing level. As a result, the Department paid, at a minimum, \$20.6 million during the base year to retain 84 unnecessary contractor security personnel for the Airport option program. In addition, the Department paid approximately \$111.8 million for 429 Embassy program security personnel, excluding the Airport option personnel. OIG determined that even without the additional 84 Airport option personnel, the Department still utilized only about 253 (59 percent) of the 429 movement security personnel provided by the contractor. However, OIG was unable to determine the specific portion of the \$111.8 million that was overpaid because DS could not provide a methodology for determining the level of security staff needed on the ground. The Department could have used the \$20.6 million and any of the \$111.8 million unnecessarily paid to address other security needs.

During the audit, OIG briefed DS on the preliminary audit results. Based on those briefings, and in conjunction with the Department's efforts to reduce the overall staffing of U.S. Mission-Iraq,⁴ DS issued a notice to proceed to de-scope the task order by 273 personnel in August 2012. Specifically, DS reduced the total staffing, including the management, support, and movement security personnel, to 530 for the Embassy program, to none for the Airport option program, and to 83 for the INL-Iraq program. OIG commends DS for taking this action, since these reductions should save the Department about \$362 million over the contract lifecycle. However, the de-scoping effort was not based on a valid staffing needs analysis. This analysis should be completed and further reductions taken if necessary.

In addition, OIG determined that the contracting officer's representative (COR) approved 27 contractor invoices, totaling about \$1,775,727, that included unallowable, unsupported, or erroneous costs. The invoices were approved because the COR was not adequately verifying contractor invoices against supporting documentation or verifying that contract goods and services had been received. As a result, the Department paid the contractor at least \$117,030 in unallowable costs and made \$16,160 in erroneous payments.

OIG recommended that DS and A/LM/AQM establish a process to ensure that a needs-based analysis is conducted and documented prior to establishing staffing requirements for all WPS task orders and exercising task order options. OIG also recommended that DS and the Regional Security Office in Embassy Baghdad establish a process to ensure that the contractor's daily movement detail reports and muster sheets are reviewed to monitor actual staff usage against the number of staff the Department paid. In addition, OIG recommended that DS and A/LM/AQM institute procedures to ensure that staffing levels are adjusted when needs change during the contract performance period. Further, OIG recommended A/LM/AQM ensure that invoices are sent to CORs or government technical monitors (GTM) in Embassy Baghdad for review to verify that the contractor is invoicing for only goods received and services delivered. OIG recommended that DS perform a comprehensive review of its payment management standard operating procedure as it relates to invoice review to ensure sufficient review of all

the deputy regional security officer, or the designee responsible for the location, along with the applicable invoice for payment.

⁴ On March 15, 2012, the Department issued guidance requiring personnel reductions and site closings for U.S. Mission Iraq, which included security contractor staffing.

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invoices and supporting documentation. OIG also recommended that A/LM/AQM recover the \$133,190 paid to the contractor for unallowable and erroneously approved costs, and direct the contracting officer to conduct a comprehensive review of all contractor invoices and supporting documentation to determine whether the contractor submitted adequate supporting documentation for all reimbursable costs, including the \$1,642,537 identified.

In their responses to the draft report, A/LM/AQM (See Appendix C) and DS (See Appendix D) concurred with the seven recommendations and provided planned actions to implement the recommendations. OIG considers all seven recommendations resolved, pending further actions.

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Background

The WPS contract provides the Department with movement security, specialized emergency services, and guard services for diplomatic missions in high threat areas. Awarded in September 2010, the WPS contract consolidated the requirements of the Department's previous Worldwide Personal Protective Services contract and individual local guard force contracts for U.S. Embassies Baghdad and Kabul. The WPS contract is a multiple award, indefinite delivery, indefinite quantity contract awarded to eight contractors: Aegis Defense Services, DynCorp International, EOD Technology, Global Integrated Security, International Development Solutions, SOC LLC, Torres International Services, and Triple Canopy, Inc. These eight contractors bid for task orders under the base contract, and as of December 2012, eight task orders⁵ had been awarded for security support in Iraq, Afghanistan, and Jerusalem.

Of the eight task orders awarded, four support the U.S. Mission to Iraq: Task Order 3 was issued to SOC LLC to provide Baghdad static guard services; Task Order 5 to Triple Canopy, Inc., for Baghdad movement security; Task Order 6 to Global Integrated Security for Basrah static and movement security, and Task Order 8 to DynCorp International for Irbil static and movement security.⁶ This audit report specifically addresses Task Order 5. Subsequent audit reports will address additional task orders awarded under the WPS contract.

Worldwide Protective Services Task Order 5

Task Order 5 was awarded to Triple Canopy, Inc., in February 2011 for a base year plus four option years. Under the task order terms, Triple Canopy, Inc., is required to provide movement security, logistical support, and emergency medical support for the Chief of Mission personnel, visiting dignitaries, and other personnel upon the regional security officer's request. The statement of work divides the task order into three separate programs: the Embassy program, the Airport option program, and the INL-Iraq program. The base year staffing requirements for each of the programs were as follows:⁷

- Embassy program: 599 contractor personnel, of which 483 were responsible for conducting movement security missions and emergency response. The remaining 116 contractor personnel were responsible for providing administrative, management, training, intelligence, and operational support.

⁵ The eight task orders do not include the task order awarded for centralized program management in the United States for each security contractor and any terminated or canceled task orders.

⁶ Movement security involves ensuring the safety and security of personnel in mobile operations. Static Guard Services refer to the protection of facilities, primarily housing and office space, in fixed locations.

⁷ The total staffing requirements for Task Order 5 varied throughout the base year because of the phases to set up the INL-Iraq program and because of adding and removing explosive ordinance detection technicians and medical personnel. The base year staffing requirement numbers shown are as of April 20, 2012. In addition, these staffing requirements are for the personnel present and ready to work. The staffing requirements do not include the contractor personnel who are taking days off or are in rest and recuperation status. The contractor maintains a pool of about one-third more personnel than the level required by the task order to allow for those personnel who are on rest and recuperation status.

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- Airport option program: 84 contractor personnel, all of whom were responsible for providing movement security between the Embassy and the Baghdad Diplomatic Support Center.⁸ The Airport option was exercised on May 8, 2011.
- INL-Iraq program: 203 contractor personnel, all of whom were responsible for providing movement security and support services for the INL-Iraq Police Development program.

The specific titles for each position are in Appendix B.

The value of Task Order 5, if all four option years are exercised, will be about \$1.5 billion. As of December 2012, the Department had obligated \$499.6 million and had expended \$347.8 million on the task order. The task order value, obligated amounts, and expended amounts are shown in Table 2.

Table 1. Task Order 5 Funding (Amounts in millions of U.S. dollars)

| | Task Order Value* | Obligated* | Expended* |
|--------------------------------------|--------------------------|-------------------|------------------|
| Base Year (5/8/11–5/7/12) | \$334.5 | \$304.1 | \$227.8 |
| Option Year 1 (5/8/12–5/7/13) | 297.4 | 195.5 | 120.0 |
| Option Year 2 (5/8/13–5/7/14) | 289.8 | | |
| Option Year 3 (5/8/14–5/7/15) | 289.9 | | |
| Option Year 4 (5/8/15–5/7/16) | 291.9 | | |
| Total: | \$1,503.5 | \$499.6 | \$347.8 |

* As of December 2012.

Source: OIG analysis of DS data, Federal Procurement Data System, and Global Financial Management System.

Contract Management and Oversight

A/LM/AQM is responsible for administering the WPS base contract and the contract task orders. The A/LM/AQM contracting officers for the WPS contract are colocated with the DS High Threat Protection Division (DS HTP) in Arlington, Virginia. The contracting officers are responsible for awarding, negotiating, administering, modifying, and terminating contracts and for making related determinations and findings on behalf of the U.S. Government.

The WPS contracting officers appointed the DS HTP division chief as the primary COR for the WPS base contract. As the primary COR, the DS HTP division chief is responsible for providing WPS contract oversight, including inspection and acceptance of contract services; providing technical advice to the contractor; monitoring contractor's performance; and reviewing and approving contractor's invoices and supporting documentation. For Task Order 5, the COR

⁸ The Baghdad Diplomatic Support Center, formerly known as Sather Air Base, is located adjacent to Baghdad International Airport. The Baghdad Diplomatic Support Center supports over 1,000 people, including the Sully Compound, which handles transiting travelers for most of Iraq.

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is assisted by two alternate CORs and other DS HTP staff who are responsible for reviewing invoices, muster sheets, contractor staff qualifications, inventory reports, and drug test reports. The primary COR and two alternate CORs conduct their contract oversight responsibilities from Arlington and make periodic site visits to Iraq to conduct program management reviews.

In Iraq, an onsite COR, alternate CORs, and a GTM provide additional oversight for the WPS contract and Task Order 5. The onsite personnel are responsible for providing oversight of the contractor's day-to-day operations to ensure compliance with contract and task order terms and conditions. The onsite COR is the deputy regional security officer for U.S. Mission-Iraq, and the five alternate CORs are assistant regional security officers, who assist in providing overall oversight of security operations, logistics, training, and the tactical operations center.⁹ The GTM reviews the WPS contract deliverables, including the contractor's muster sheets, inventory reports, and training records. The GTM also assists DS HTP in conducting the program management reviews.

Audit Objective

OIG initiated this audit at the request of DS and under the authority of the Inspector General Act of 1978, as amended, to determine the effectiveness of the Department's management and oversight of the WPS contract, Task Order 5. The audit objective was to determine whether

- the contractor's work was adequately monitored,
- the contractor was performing in accordance with contract terms and conditions, and
- invoice review and approval procedures were in place to ensure accuracy and completeness of costs.

OIG announced compliance with the Federal Acquisition Regulation, clause 52.222-50, "Trafficking in Persons," as an objective. However, OIG did not pursue this objective after determining that the contractor did not have any third-country national employees working on the contract. The audit scope was limited to the base year of Task Order 5.

⁹ The tactical operations center provides command and control support for U.S. Mission Iraq security operations 24 hours a day, 7 days a week. The tactical operations center also functions as an embassy command post and clearinghouse for information, operational documentation and forms pertaining to personal security detail coordination and near-term emergency matters.

Audit Results

Finding A. Base Year Contractor Staffing Requirements Exceeded Movement Security Needs

Contractor staffing requirements for the base year of WPS Task Order 5 exceeded the staffing needs for the Baghdad movement security mission. Specifically, for the Embassy program and the Airport option program combined, only 253 (49 percent) of the 513 contractor personnel provided were used, on average, to conduct daily movement security missions. The overstaffing occurred because DS did not conduct a needs analysis before awarding the task order and unnecessarily exercised the Airport option. In addition, although the onsite COR, primary COR, and GTM were ensuring that Triple Canopy, Inc., generally complied with the contract terms and conditions, they did not review the contractor's daily movement detail reports or adequately review the contractor's muster sheets to assess security staffing needs against the movement security requirements. As a result, the Department paid \$20.6 million during the base year to retain, for the Airport option program, 84 contractor security personnel who were not needed. In addition, the Department paid approximately \$111.8 million for 429 Embassy program security personnel who were not part of the Airport option. OIG determined that the Department still would have used only about 253 (59 percent) of the 429 movement personnel provided by the contractor without additional Airport option personnel to conduct daily movement security missions. However, OIG could not determine how much of the \$111.8 million was overpaid, since DS could not provide the methodology it used to determine security staffing levels. The Department could have used the \$20.6 million and any of the \$111.8 million unnecessarily paid to address other security needs.

During the audit, OIG briefed DS on the preliminary audit results. Based on those briefings, and in conjunction with the Department's efforts to reduce the overall staffing of U.S. Mission-Iraq, DS issued a notice to proceed to de-scope the total task order staffing by 273 personnel in August 2012. OIG commends DS for taking this action. These reductions should save the Department about \$362 million over the contract lifecycle. However, the de-scoping effort was not based on a valid staffing needs analysis. A staffing needs analysis should be completed and further reductions taken if necessary.

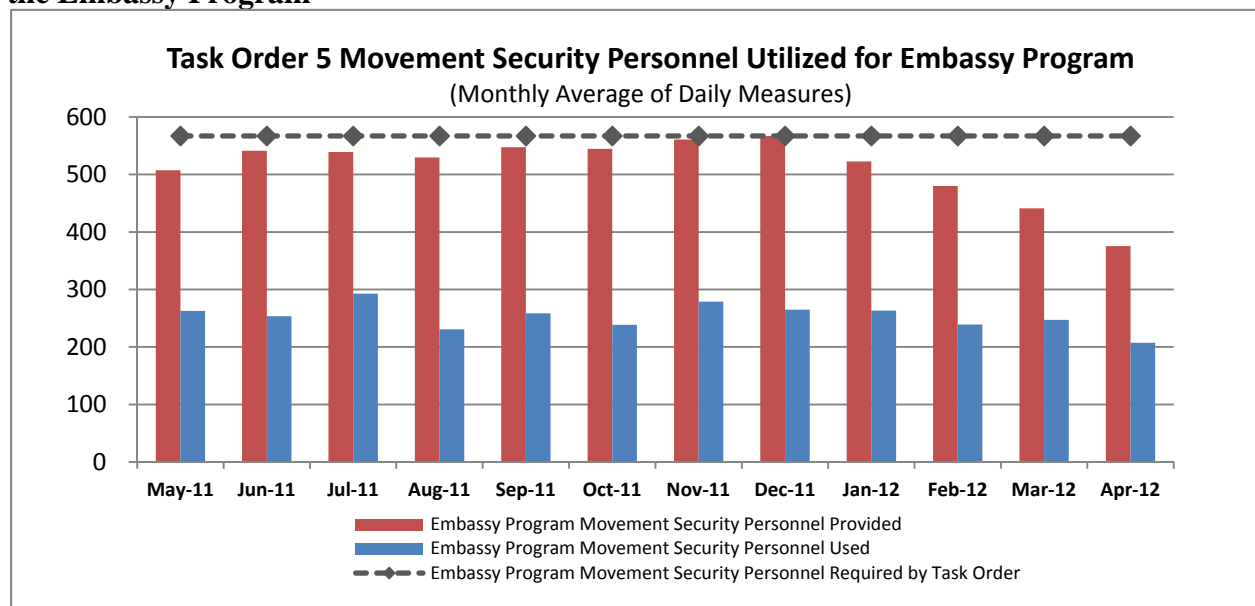
Task Order 5 Overstaffed

From May 2011 to April 2012, contractor staffing requirements for WPS Task Order 5 exceeded the staffing needs for the Baghdad movement security mission. For the Embassy program and the Airport option program combined, the task order required a total of 567 movement security personnel, of which Triple Canopy, Inc., provided an average of 513 personnel daily.¹⁰ However, of those 513 personnel provided, only 253 (49 percent) were

¹⁰ The staffing numbers do not include movement security personnel for the INL-Iraq program because it is a separate program paid with INL funds. Also, INL had taken action to adjust staffing based on the downsizing of the Iraq Police Development program. The movement security personnel includes only the protective service positions responsible for actually conducting movement security missions (that is, shift leaders, protective security specialists

used, on average, to conduct the daily movement security missions. Movement security personnel used versus personnel provided for the Embassy and Airport option program is shown in Figure 1.

Figure 1. Task Order 5 Movement Security Personnel Used Versus Personnel Provided for the Embassy Program



Source: OIG Analysis of DS and Triple Canopy, Inc., data.

OIG analysis also found that if the Airport option had not been added, the Embassy program still would have used about 253 (59 percent) of the 429 movement security personnel provided by the contractor to conduct daily movement security missions.

Needs Analysis Not Conducted

The base year overstaffing occurred because DS did not conduct a needs analysis before awarding the task order and unnecessarily exercised the Airport option. The Federal Acquisition Regulation¹¹ states that the purpose of acquisition planning is to ensure that the Government meets its needs in the most effective and economical manner and that knowledge gained from prior acquisitions should further refine requirements. According to DS HTP officials, DS did not revise the prior contract requirements based on the security mission but simply carried over the staffing requirements from the previous Worldwide Personal Protective Services contract. OIG noted that the task orders under the previous Worldwide Personal Protective Services contracts for Iraq were awarded in 2004 and 2005, respectively, and according to regional security officers and Triple Canopy, Inc., management staff, the environment has changed and movement missions have decreased since the withdrawal of U.S. military forces. OIG's analysis also found

and interpreters, designated defense marksmen, explosives detection dog handlers, and emergency medical technicians. The movement security personnel does not include other management or administrative positions.

¹¹ Federal Acquisition Regulation, subpt. 7.1, "Acquisition Plans."

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that the level of movement security operations had decreased since the U.S. military withdrawal in December 2011.

When Task Order 5 began, DS and A/LM/AQM unnecessarily exercised the Airport option program, which added 84 contractor personnel: 12 shift leaders, 12 designated defensive marksmen, 12 emergency medical technicians, and 48 protective security specialists (PSS). The *Foreign Affairs Handbook*¹² (FAH) states that contract options may be exercised only when the requirements of the option fulfill an existing need, and the exercise of the option is most advantageous to the U.S. Government with price and other factors considered. According to the COR, the regional security officer subsequently realized that these 84 personnel were not needed for the Airport option program, since capable movement security teams existed under the Embassy program to carry out Airport movement security and also because ground transport was to be taken over by helicopter transport. Rather than de-scoping the Airport program option, DS re-allocated those personnel to the Embassy program.

Contract Monitored for Compliance but not Excess Staffing

Although, DS monitored Triple Canopy, Inc., to ensure that it met contract terms and conditions, DS did not assess staffing levels against the movement security mission. The onsite COR and GTM in Baghdad reviewed the contract deliverables, including incident reports, training records, inventory reports, and monthly performance reports. The primary COR and DS HTP staff in Arlington, Virginia, reviewed other contract deliverables, including invoices and drug test reports. However, DS did not review the contractor's daily movement reports and did not adequately review the contractor's muster sheets to assess whether the task order had excess staff.

The onsite COR and GTM and the primary COR in Virginia ensured that Triple Canopy, Inc., staff generally met contract-required qualifications and training. The WPS contract requires contractor personnel to meet minimum experience, training, and certification for each position and labor category. All labor categories listed as protective security positions, otherwise specified as PSS-qualified positions, are required to complete PSS training,¹³ and all armed contractor personnel need to requalify on required firearms quarterly. OIG noted that DS HTP screened Triple Canopy, Inc.'s personnel for qualifications prior to and during service, and GTM checked contractor's weapons requalification status and reviewed training records in Baghdad. Further, OIG's analysis of selected Triple Canopy, Inc., movement security personnel determined that those movement personnel met the contract-required qualifications, experience, and training. In addition, the onsite COR and GTM ensured that Triple Canopy, Inc., personnel followed the contract-required use of force policy. OIG's analysis of incident reports determined that Triple Canopy, Inc., had not had any incidents involving the use of deadly force or escalated

¹² 14 FAH-2 H-532, "Types of Contract Modifications."

¹³ PSS training includes use of deadly force and weapons equipment training, mission operations, cultural awareness, technical driving, motorcade operations, and defensive tactics.

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use of force. Triple Canopy, Inc., had only a few instances of negligent discharges¹⁴ for which it took appropriate actions.

However, the CORs and the GTM did not review the contractor's daily movement reports and did not adequately review the contractor's muster sheets to monitor the actual number of movement security personnel being utilized against the staffing level. The WPS COR checklist for Task Order 5¹⁵ requires the COR to review and validate the contractor's daily movement detail reports, the contractor's monthly muster sheets, and the contractor's monthly labor invoices to inspect and monitor services provided under the task order. Triple Canopy, Inc.'s daily movement detail reports track missions run per day by teams, number of protective personnel used, and mission durations and destinations. However, these reports were simply maintained at the tactical operations center without COR and GTM review. Moreover, the GTM only spot-checked about 10 entries on the monthly muster sheets with Triple Canopy, Inc.'s biometric scanned results to check the days off and days of emergency leave against billed days, while Triple Canopy, Inc.'s monthly muster sheet listed approximately 36,000 entries (1,200 staff¹⁶ x 30 days) each month.

Department Paid for Unnecessary Contractor Personnel

As a result of excess contractor personnel, the Department paid, at a minimum, \$20.6 million during the base year to retain unnecessary 84 movement security personnel for the Airport option program. In addition, the Department paid approximately \$111.8 million for 429 Embassy program security personnel who were not part of the Airport option program. Although OIG determined that, without additional Airport option personnel, the Department still would have used only about 253 (59 percent) of the 429 personnel provided, OIG could not determine how much of the \$111.8 million was overpaid because DS could not provide the methodology it used to determine the level of security personnel needed on the ground. The Department could have used the \$20.6 million and any of the \$111.8 million unnecessarily paid to address other security needs.

Management Actions Taken

During OIG's audit, OIG briefed DS officials on the preliminary audit results of Task Order 5 staffing. Based on those briefings, and in conjunction with the Department's efforts to reduce the overall staffing of U.S. Mission-Iraq, DS issued a notice to proceed to de-scope the overall task order staffing from 886 to 613 in August 2012. Specifically, DS reduced the staffing requirements, including the management, support, and movement security personnel, from 599 to 530 personnel for the Embassy program; from 84 to zero personnel for the Airport option

¹⁴ Negligent discharge refers to any accidental, careless, or irresponsible discharge of firearms from contractor personnel.

¹⁵ WPS COR Checklist is a contracting officer-approved checklist that DS provides to CORs to provide guidance on COR duties and enhance oversight.

¹⁶ Contractor's monthly muster sheets included approximately 1,200 personnel each month for both the Embassy and the INL-Iraq program, which included all management, administrative, movement security personnel, and the personnel who were in rest and recuperation status.

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program; and from 203 to 83 personnel for the INL-Iraq program. OIG commends DS for taking this action. These reductions should save the Department about \$362 million over the contract lifecycle. However, the de-scoping effort was not based on a staffing needs analysis. A staffing needs analysis should be completed, and further reductions should be taken if necessary.

Recommendation 1. OIG recommends that the Bureau of Diplomatic Security and the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, institute procedures to ensure that a needs-based analysis is conducted and documented prior to establishing all Worldwide Protective Services task order staffing requirements and prior to exercising task order options.

Management Response: DS concurred stating that it will ensure a needs-based analysis is completed prior to establishing WPS task order staffing requirements or exercising task order options. DS also stated that it will conduct and submit a needs-based analysis to the COR and place it in the appropriate contract file for reference. A/LM/AQM also concurred stating that it will use the DS furnished needs-based assessment to initiate and continue work under WPS relating to staffing levels.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG reviews and accepts documentation showing that procedures have been implemented to ensure needs-based analyses are conducted and documented prior to establishing all future WPS task orders and their options.

Recommendation 2. OIG recommends that the Bureau of Diplomatic Security and the Regional Security Office in Baghdad establish a process to ensure that the contractor's daily movement detail reports and muster sheets are reviewed by the onsite contracting officer's representative to monitor actual staff usage against the number of staff paid.

Management Response: DS concurred stating that the GTMs and CORs will monitor staff usage and daily movement details and validate the muster sheets. DS stated that it will coordinate with Post to refine how the mission tempo metric is recorded so that it accurately reflects the mission needs. DS also stated that it will brief OIG on the refined metric no later than September 30, 2013.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG reviews and accepts documentation showing that the GTMs and CORs are reviewing the daily movement detail reports and reconciling the reports against mission needs.

Recommendation 3. OIG recommends that the Bureau of Diplomatic Security, in coordination with the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, establish a process to ensure that Worldwide Protective Services contract staffing requirements are adjusted when needs change during the contract performance period.

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Management Response: DS concurred stating that it will coordinate with A/LM/AQM and Post to establish a process to identify potential adjustments in WPS staffing and reflect those adjustments in contract modifications. DS also stated that it will ensure that the adjustments maintain sufficient capacity to support the Chief of Mission strategic engagement objectives. A/LM/AQM also concurred stating that it will work with DS to establish a process to ensure WPS contract staffing requirements are adjusted when needs change.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG reviews and accepts documentation indicating that a process has been established to ensure that DS and A/LM/AQM adjust the WPS contract staffing requirements when needs change.

Finding B. The Department Approved and Paid Invoices Containing Unallowable, Unsupported, and Erroneous Costs

OIG reviewed 100 percent of Triple Canopy, Inc.'s base year invoices, which consisted of 154 invoices dated from March 2011 to May 2012. OIG found that the COR had approved 27 invoices (18 percent), totaling about \$1,775,727, that included unallowable and unsupported costs and costs paid in error. Specifically, the COR approved

- 6 invoices containing \$117,030 in unallowable costs,
- 19 invoices containing \$1,642,537 in unsupported costs, and
- 2 invoices containing \$16,160 in erroneous costs.

The invoices were approved because the CORs were not adequately verifying the contractor's invoices against supporting documentation or verifying the receipt of contract goods and services. As a result, the Department paid the contractor at least \$117,030 in unallowable costs and made \$16,160 in erroneous payments. Those funds should be recovered from the contractor. In addition, without supporting documentation, OIG could not determine whether \$1,642,537 in costs were allowable, allocable, or reasonable. Therefore, the Department should conduct a comprehensive review of all invoices and supporting documentation to determine whether additional funds should be recovered.

Invoice Approval Requirements

Requirements for approving WPS contractor invoices are contained in Department and DS guidance. Department requirements are contained in the FAH,¹⁷ the *Foreign Affairs Manual* (FAM),¹⁸ the contract, and the Overseas Contracting and Simplified Acquisition Guidebook.¹⁹ The FAH states that a COR should determine whether the charges billed are reasonable, allocable, and allowable. To make that determination, the COR should verify calculations, unit prices, labor hours and categories, supplies and equipment to include delivery and acceptance, and other backup material such as time cards. The FAM²⁰ states that a signed receiving report is required to initiate the process for payment. According to Chapter 7 of the Overseas Contracting and Simplified Acquisition Guidebook,²¹ the COR is required to reject payment if the invoice does not match the terms contained within the contract and requires the COR to guard against contractor attempts to add additional amounts to invoices.

¹⁷ 14 FAH-2, "Contracting Officer's Representative Handbook."

¹⁸ 14 FAM 413, "Property Receipt."

¹⁹ The Overseas Contracting and Simplified Acquisition Guidebook is incorporated by reference into 14 FAM 213, "Acquisition Regulations and Directives."

²⁰ 14 FAM 413.3, "Receiving Responsibility."

²¹ This section of the guidebook is addressed to the Financial Management Officer. However, for the WPS Protective Services contract, the COR is responsible for the review and approval of invoices.

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DS requirements for approving invoices are contained in the DS HTP Payment Management Standard Operating Procedure, dated March 23, 2012. The procedure requires the COR to obtain and review receipts to verify the cost of items greater than \$75, and for training invoices, graduation certificates, and proof of deployment, to validate that contractor personnel completed training and were subsequently deployed.

Unallowable and Unsupported Costs and Costs Paid in Error

Of the 154 base year Triple Canopy, Inc., invoices, the COR approved 27 invoices (18 percent) that contained about \$1,775,727 in unallowable and unsupported costs and costs paid in error. Specifically, the COR approved six invoices containing \$117,030 in unallowable costs, 19 invoices containing \$1,642,537 in unsupported costs, and two invoices containing \$16,160 in erroneous costs. A listing of the 27 invoices as well as the methodology OIG used to review all 154 invoices is contained in Appendix A.

Unallowable Costs

The COR approved six invoices containing \$117,030 in unallowable costs, four invoices that contained \$74,465 in unallowable labor costs, and two invoices that contained \$42,565²² in unallowable training costs. The unallowable labor costs were for a Triple Canopy, Inc., employee who was not qualified for his position because he was deployed without approval by the Department and did not pass the required physical fitness test. Section H of the WPS contract states that any position filled by an individual either unqualified or not approved by DS prior to deployment will be considered unfilled. The contract also states that the contractor must acknowledge through the training records that candidates have passed a physical fitness test “prior to, and within 90 days of deployment.” In January 2012, the COR denied training costs for the employee because he had not passed the physical fitness test and had not received DS approval to deploy, but the COR did not request that the labor costs paid for the employee from September to December 2011 be recovered.

The unallowable training costs were for three employees who took Support Personnel (non-Personal Security Specialist, non-Guard) training. Although Triple Canopy, Inc., submitted certificates of completion for the training, the training was completed in 2010 prior to the award of Task Order 5 and therefore was not payable under the task order terms.

Unsupported Costs

The COR approved 19 invoices that contained \$1,642,537 in unsupported costs. The reimbursable portion of the contract allows the contractor to bill for training, materials, and equipment during the course of the contract, but the contractor must provide supporting documentation to support the cost. The COR approved two WPS training invoices²³ for \$642,098 that did not include certificates of completion, which are required by the contract and

²² This amount was rounded up a dollar to match the total numbers that were rounded up.

²³ The training was for the WPS transition training and firearms instructor course.

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DS HTP standard operating procedures. The COR approved the remaining 17 invoices, totaling \$1,000,439, for cost-reimbursable contractor-acquired property,²⁴ such as body armor, helmets, binoculars, and communications equipment, without verification of receipt and acceptance at post. Three of the 17 invoices also did not contain receipts or proof of purchase for costs of \$132,656.

Invoice Review Errors

The COR approved two training invoices that had \$16,160 in errors, resulting in overpayment to the contractor. On one training invoice, the COR denied payment of a PSS transition training course that cost \$16,543 on an invoice totaling \$127,840. The approved amount should have been \$111,297 (\$127,840 minus \$16,543). However, the invoice was approved for \$111,543, resulting in a \$246 overpayment. Another training invoice included \$46,084 for a PSS training course. However, the certificate of completion was for Designated Defensive Marksman training, which cost \$30,170. The COR approved the training invoice as submitted, resulting in a \$15,914 overpayment.

Insufficient Review of Contractor Invoices

The COR approved invoices for payment without verifying supporting documentation and ensuring that the contractor billed only valid costs. The COR did not verify that the costs were allowable under the contract terms and conditions and did not require the contractor to provide supporting documentation to substantiate the reimbursable costs. Additionally, the DS standard operating procedures for invoice review did not require verification that property was received and accepted at post by issuance of a receiving and inspection report (Form DS-127).

According to DS HTP staff performing the initial invoice reviews for the COR, the invoice review consists of checking that training and travel costs were only for individuals who deployed, for labor rates and quantities that did not exceed contract requirements, and for mathematical accuracy. In reviewing vouchers, the COR did not adequately review supporting documentation and did not request sufficient information from the contractor to determine whether the charges billed were reasonable, allocable, and allowable and that contractor-acquired property had been received and accepted at post. To make that determination, the COR should have verified all supporting documentation and requested additional supporting documentation for receipt of contractor-acquired property.

DS HTP's standard operating procedures do not require verification that property has been received and accepted at post or that receiving and inspection reports (Form DS-127) have been completed. This lack of verification is inconsistent with information contained in the FAH and the FAM. The FAH²⁵ states that receipt of all property at post must be documented by using receiving and inspection reports, and the FAM²⁶ states that a signed receiving report is

²⁴ WPS Base Contract SAQMMA10D0104, sec. J, ex, I, "Standard Equipment," states that upon task order award, the Government will provide the contractor with a list of Government Furnished Equipment.

²⁵ 14 FAH-1 H-313.3, "Receiving Reports."

²⁶ 14 FAM 413.3, "Receiving Responsibility."

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required to initiate the process for payment. Logistics personnel at Triple Canopy, Inc., received the goods in Baghdad and did not report the receipt of goods to Embassy Baghdad or to DS HTP officials. In addition, DS did not provide invoices to the regional security officer, the COR, or the GTM in Baghdad for onsite review and validation prior to payment.

A/LM/AQM should ensure that the COR follows Department invoice approval certification procedures to preclude the payment of similar unallowable and unsupported costs during the remainder of the contract.

Unallowable and Unsupported Costs Should Be Recovered

OIG identified \$117,030 paid to the contractor for training and labor costs that were not authorized and \$16,160 made in erroneous payments. Those costs should be recovered from the contractor. In addition, the contracting officer should perform a comprehensive review of all invoices to determine whether costs are fully allowable and supported, including the \$1,642,537 in costs identified by OIG that lacked adequate support. If those costs are not allowable and fully supported, those costs should also be recovered from the contractor.

Recommendation 4. OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, direct the contracting officer to ensure that invoices are sent to contracting officer's representatives or government technical monitors at Embassy Baghdad for review to verify that the contractor is invoicing only for goods received and services delivered.

Management Response: A/LM/AQM concurred stating that all labor invoices are currently submitted with a muster sheet signed by the COR or GTM and that the WPS contract requires the contractor to submit the muster by the regional security officer or designee for the location, along with the applicable invoice. A/LM/AQM also stated that the domestic COR then conducts a thorough review of the invoice and confirms through the Iraq onsite COR and GTM that the contractor is invoicing only for goods and services delivered to Post.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG reviews and accepts documentation showing that the COR or GTM in Baghdad are reviewing all Task Order 5 invoices and supporting documentation to ensure the invoiced goods and services are delivered.

Recommendation 5. OIG recommends that the Bureau of Diplomatic Security perform a comprehensive review of its existing payment management standard operating procedure as it relates to invoice review to ensure sufficient review of all invoices and supporting documentation, including onsite review of invoices, and to ensure that the Department of State has received goods prior to payment.

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Management Response: DS concurred stating that it initiated a comprehensive review of the invoice process and instituted updated standard operating procedures during the summer of 2012.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG reviews and accepts documentation showing that the updated DS standard operating procedures require a comprehensive review of all invoices and supporting documentation prior to payment.

Recommendation 6. OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, recover the \$133,190 paid to the contractor for unallowable and erroneously approved costs.

Management Response: A/LM/AQM concurred stating that it intends to review the subject payments to determine allowability and immediately seek recovery of any payments made to the contractor in error.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG reviews and accepts documentation of funds recovered or documentation to substantiate the \$133,190 paid to the contractor.

Recommendation 7. OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, direct the contracting officer to conduct a comprehensive review of all contractor invoices and supporting documentation to determine whether the contractor submitted adequate supporting documentation for all reimbursable costs, including the \$1,642,537 identified in this report. If the documentation was not submitted, the contracting officer should request supporting documentation from the contractor and determine whether the costs were allowable under the contract terms. If the reimbursable costs cannot be supported or are not allowable under the terms of the contract, the Department of State should recover these funds from the contractor.

Management Response: A/LM/AQM concurred stating that it would, in collaboration with DS, conduct a comprehensive review of the subject invoices in question to determine whether the contractor submitted adequate supporting documentation. A/LM/AQM will seek immediate recovery of any payments made in error.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG reviews and accepts documentation of funds recovered or documentation to substantiate the \$1,642,537 paid to the contractor.

List of Recommendations

Recommendation 1. OIG recommends that the Bureau of Diplomatic Security and the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, institute procedures to ensure that a needs-based analysis is conducted and documented prior to establishing all Worldwide Protective Services task order staffing requirements and prior to exercising task order options.

Recommendation 2. OIG recommends that the Bureau of Diplomatic Security and the Regional Security Office in Baghdad establish a process to ensure that the contractor's daily movement detail reports and muster sheets are reviewed by the onsite contracting officer's representative to monitor actual staff usage against the number of staff paid.

Recommendation 3. OIG recommends that the Bureau of Diplomatic Security, in coordination with the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, establish a process to ensure that Worldwide Protective Services contract staffing requirements are adjusted when needs change during the contract performance period.

Recommendation 4. OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, direct the contracting officer to ensure that invoices are sent to contracting officer's representatives or government technical monitors at Embassy Baghdad for review to verify that the contractor is invoicing only for goods received and services delivered.

Recommendation 5. OIG recommends that the Bureau of Diplomatic Security perform a comprehensive review of its existing payment management standard operating procedure as it relates to invoice review to ensure sufficient review of all invoices and supporting documentation, including onsite review of invoices, and to ensure that the Department of State has received goods prior to payment.

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Recommendation 7. OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, direct the contracting officer to conduct a comprehensive review of all contractor invoices and supporting documentation to determine whether the contractor submitted adequate supporting documentation for all reimbursable costs, including the \$1,642,537 identified in this report. If the documentation was not submitted, the contracting officer should request supporting documentation from the contractor and determine whether the costs were allowable under the contract terms. If the reimbursable costs cannot be supported or are not allowable under the terms of the contract, the Department of State should recover these funds from the contractor.

Scope and Methodology

The Office of Inspector General (OIG) initiated this audit at the request of the Bureau of Diplomatic Security (DS) and under the authority of the Inspector General Act of 1978, as amended, to determine the effectiveness of the Department of State's (Department) management and oversight of the Worldwide Protective Services (WPS), Task Order 5.

To accomplish the objective, OIG reviewed the WPS base contract, Task Order 5, related modifications and documents, contract deliverables, contractor performance assessments, Program Management Reviews, needs assessments, and use of deadly force policy and standards of conduct. In Arlington, Virginia, OIG met with officials from the Bureau of Diplomatic Security and the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, and with representatives from the Triple Canopy, Inc., local program management office. In Baghdad, OIG interviewed the regional security officer; deputy and assistant regional security officers; the government technical monitor; embassy officials; and Triple Canopy, Inc., management, administrative, and protective security staff. In addition, OIG physically observed the motorcade protection operations and an explosive-detection dog search demonstration.

OIG conducted this performance audit from March to December 2012. The audit was conducted in accordance with generally accepted government auditing standards. Those standards require that OIG plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objective. OIG believes that the evidence obtained provides a reasonable basis for the findings and conclusions based on the audit objective.

Review of Internal Controls

OIG performed steps to assess the adequacy of internal controls related to management of Task Order 5. OIG reviewed documentation used by the Department for examining and approving invoices for payment, examined the contracting officer's checklist for onsite monitoring of Task Order 5, and reviewed use of deadly force policy and standards of conduct. Internal control deficiencies identified during this audit are detailed in the "Audit Results" section of this report.

Use of Computer-Processed Data

OIG reviewed 154 invoices available during the audit to determine whether the Department adequately examined invoices prior to approval and that only allowable costs were approved. OIG then reviewed information from the Department's Global Financial Management System for each invoice to ensure that the contractor was paid at the approved amount. Although some invoices were approved with errors, as described in Finding B of this report, OIG

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concluded that the contractor was paid at the approved amount on all invoices included in the scope of the audit.

To review contractor personnel qualifications and training record maintenance, OIG used the contractor's Personnel and Logistics System through an Internet-based portal, which is the contractor's primary tool used to manage its personnel, training, and property records.

To review the number of contractor personnel provided and actually utilized, OIG analyzed the contractor's daily movement reports, muster sheets, and staffing rosters. OIG identified 567 movement security personnel required for the Embassy program and the Airport option program from the task order and the muster sheets, which listed the number of required staff per position category. For the number of movement security personnel provided, OIG used the contractor's muster sheets, which listed all contractor personnel and their presence, including the movement security, support, and management personnel and personnel who were in rest and recuperation status and were taking days off. OIG extracted only the movement security personnel who were on the ground and were available to work to generate the number of movement security personnel provided each day. OIG then computed an average for each month and computed an overall average for the base year. For the number of movement security personnel utilized, OIG used the contractor's daily movement reports and summed the number of personnel conducting missions each day. OIG then computed an average for each month based on the number of workdays and computed an overall average for the base year. OIG found instances of formula errors on the daily movement reports and corrected erroneous formulas during its analysis.

Sampling Methodology and Results

OIG evaluated the invoice review and approval procedures of the Bureau of Diplomatic Security's High Threat Protection Division for Task Order 5 to determine the accuracy and completeness of costs. OIG reviewed 100 percent of the base year invoices, which consisted of 154 invoices dated from March 2011 (date of notice to proceed) through May 7, 2012 (end of contract base year). The 154 invoices consisted of 24 for labor, 37 for training, 28 for firm fixed-price contract line item numbers, and 65 for cost-reimbursable contract line item numbers. OIG identified two training invoices with \$42,565 in unallowable costs, two training invoices with unsupported costs totaling \$642,098, and two training invoices with \$16,160 in costs that were erroneously approved. OIG identified 17 invoices for contractor-acquired property without sufficient documentation that items had been received at Embassy Baghdad and three of the 17 with \$132,656 in unsupported costs for purchase. OIG identified four labor invoices with unallowable labor costs totaling \$74,465. The results of OIG's review are summarized in Tables 1, 2, and 3.

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Table 1. Unallowable Costs

| Item Number | Invoice Number | Cost Category | Unallowable Costs |
|--------------------------------|-----------------------|----------------------|--------------------------|
| 1 | 1505E003T | Training | \$28,376.26 |
| 2 | 1505E012T | Training | \$14,188.13 |
| 3 | 1505I008R | Labor | \$10,637.90 |
| 4 | 1505I010 | Labor | \$22,094.10 |
| 5 | 1505I012 | Labor | \$21,275.80 |
| 6 | 1505I015 | Labor | \$20,457.50 |
| Total Unallowable Costs | | | \$117,029.69 |

Table 2. Unsupported Costs

| Item Number | Invoice Number | Cost Category | Unsupported Costs |
|--------------------------------|-----------------------|--|--------------------------|
| 1 | 1505E001T | Training | \$615,122.24 |
| 2 | 1505I002T | Training | \$26,975.53 |
| 3 | 5ICF11D002 | Contractor Acquired Property | \$11,328.83 |
| 4 | 5ICF11D001 | Contractor Acquired Property | \$103,050.15 |
| 5 | 5ECF11E001 * | Contractor Acquired Property | \$88,308.86 |
| 6 | 5ECF11F003 | Contractor Acquired Property | \$12,558.91 |
| 7 | 5ECF11G006 * | Contractor Acquired Property | \$24,808.82 |
| 8 | 5ECF11H009 * | Contractor Acquired Property | \$27,166.88 |
| 9 | 5ECF11F003SUP | Contractor Acquired Property | \$11,906.28 |
| 10 | 5ECF11F005SUP | Contractor Acquired Property | \$1,623.47 |
| 11 | 5ECF11G006SUP | Contractor Acquired Property | \$1,024.58 |
| 12 | 5ECF11H009SUP1 | Contractor Acquired Property | \$1,905.00 |
| 13 | 5ECF11C010 | Contractor Acquired Property | \$295,462.32 |
| 14 | 5ECF11C010SUP | Contractor Acquired Property | \$37,340.98 |
| 15 | 5ECF11D013 | Contractor Acquired Property | \$303,629.01 |
| 16 | 5ECS11G004R | Contractor Acquired Property - Communication | \$34,636.86 |
| 17 | 5ECS11H005R | Contractor Acquired Property - Communication | \$5,544.65 |
| 18 | 5ECS11E001R | Contractor Acquired Property - Communication | \$7,523.06 |
| 19 | 5ECS11F002R | Contractor Acquired Property - Communication | \$32,620.68 |
| Total Unsupported Costs | | | \$1,642,537.11 |

* Note: These invoices and amounts included at least \$132,656.37 in cost-reimbursable amounts approved without receipts for purchase.

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Table 3. Costs Approved in Error

| Item Number | Invoice Number | Cost Category | Amount |
|-----------------------------------|-----------------------|----------------------|--------------------|
| 1 | 1505I004T | Training | \$15,914.15 |
| 2 | 1505I007T | Training | \$246.00 |
| Total Amount Paid in Error | | | \$16,160.15 |

The invoice review consisted of examination of supporting documentation; review of policies, procedures, and requirements from the *Foreign Affairs Manual*, the *Foreign Affairs Handbook*, and the Federal Acquisition Regulation; interviews with Department personnel involved in the invoice review and approval process; and comparison of contract documents. OIG reviewed all invoices by contract line item and compared quantities and unit pricing, where applicable, with supporting documentation and contract pricing.

To determine whether Triple Canopy, Inc.'s protective staff met contract-required qualifications, experience, and training, OIG used random sampling to the extent possible to select 32 of 471 protective staff listed as being on duty on Triple Canopy, Inc.'s daily staffing roster. OIG also ensured that it included, in its sample, a shift leader and a unit support coordinator under each randomly selected team and unit, since these personnel are responsible for overseeing the teams and units. However, because of logistical considerations, this random sampling was not always practicable. For example, when a randomly selected person was on a mission, the next available person provided by the auditee was substituted. OIG conducted interviews and reviewed training and personnel records of the Triple Canopy, Inc., protective staff selected.

OIG conducted an inventory of weapons and sensitive equipment in Baghdad; randomly selected a sample of items to review inventory controls and to determine whether the inventory lists of property maintained by Triple Canopy, Inc., were accurate; and performed tests that verified the existence of the items and the completeness of the lists. OIG found no discrepancies during these reviews.

**Personnel Staffing for the Embassy Program,
the Airport Option Program, and the INL-Iraq Program**

Embassy Program:

| Position | Protective (P) or Support (S) | Personnel Required |
|--|--------------------------------------|---------------------------|
| Baghdad Management | | |
| Project Manager | S | 1 |
| Deputy Project Manager Operations | P | 1 |
| Protective Service Positions | | |
| Unit Support Coordinator | P | 5 |
| Shift Leader* | P | 38 |
| Protective Security Specialist (PSS)* | P | 342 |
| Designated Defensive Marksman* | P | 39 |
| PSS Interpreter* | P | 6 |
| Emergency Medical Technician* | P | 38 |
| Operations Chief | P | 3 |
| Explosives Detection Dog Handler* | S | 20 |
| Explosives Detection Dog Kennel Master | S | 1 |
| Training Manager | P | 1 |
| Integration and Training Instructor | P | 16 |
| Support Positions (S) | | |
| Deputy Project Manager Support | S | 1 |
| Administrative and Logistics Security Specialist Manager | S | 5 |
| Administrative and Logistics Security Specialist | S | 23 |
| Operations Security Specialist | S | 10 |
| Intelligence Analyst Team Leader | S | 1 |
| Intelligence Analyst | S | 13 |
| Range Master | S | 1 |
| Interpreter | S | 10 |
| Firearms Instructor | S | 10 |
| Senior Armorer | S | 1 |
| Armorer | S | 1 |
| Field Security Technician | S | 0 |
| Medical Support | | |
| Medical Officer | S | 1 |
| Physician Assistant | S | 1 |
| Non-Traditional Static Guard Force (Embassy Liaison Unit) | | |
| PSS Senior Guard | P | 10 |
| Total | | 599 |

* Positions responsible for conducting movement security missions.

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Airport Shuttle Run Protective Security Detail Team (Option):

| Position | (P) or (S) | Personnel Required |
|--------------------------------|-------------------|---------------------------|
| Shift Leader* | P | 12 |
| PSS* | P | 48 |
| Designated Defensive Marksman* | P | 12 |
| Emergency Medical Technician* | P | 12 |
| Total | | 84 |

* Positions responsible for conducting movement security missions.

INL-Iraq Program:

| Position | (P) or (S) | Personnel Required |
|--|-------------------|---------------------------|
| Baghdad Management | | |
| Deputy Project Manager Operations | P | 1 |
| Protective Service Positions | | |
| Unit Support Coordinator | P | 3 |
| Shift Leader* | P | 12 |
| PSS* | P | 130 |
| Designated Defensive Marksman* | P | 10 |
| PSS Interpreter* | P | 4 |
| Emergency Medical Technician* | P | 13 |
| Explosives Detection Dog Handler* | S | 4 |
| Support Positions | | |
| Administrative and Logistics Security Specialist Manager | S | 1 |
| Administrative and Logistics Security Specialist | S | 4 |
| Operations Security Specialist | S | 2 |
| Intelligence Analyst Team Lead | S | 1 |
| Intelligence Analyst | S | 3 |
| Interpreter | S | 10 |
| Range Master | S | 1 |
| Firearms Instructor | S | 3 |
| Armorer | S | 1 |
| Total | | 203 |

* Positions responsible for conducting movement security missions.

Source: OIG analysis of Task Order 5 Statement of Work.

**Bureau of Administration, Office of Logistics Management, Office of
Acquisitions Management Response**



United States Department of State

Washington, D.C. 20520

March 13, 2013

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MEMORANDUM**

TO: OIG/AUD – Evelyn R. Klemstine
FROM: A/LM/AQM – Catherine Ebert-Gray *Cathy*
SUBJECT: Audit of Bureau of Diplomatic Security Worldwide Protective Services Contracts
- Task Order 5 for Baghdad Movement Security

Thank you for the opportunity to provide our comments on the draft OIG audit report of Bureau of Diplomatic Security Worldwide Protective Services (WPS) Contracts - Task Order 5 for Baghdad Movement Security. Ms. Sharon James is the point of contact for AQM's audit responses and can be reached at 571-345- [REDACTED]

Below you will find the Office of Acquisitions Management's comments.

Recommendation 1. OIG recommends that the Bureau of Diplomatic Security and the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, institute procedures to ensure that a needs-based analysis is conducted and documented prior to establishing all Worldwide Protective Services task order staffing requirements and prior to exercising task order options.

A/LM/AQM response: The Bureau of Administration concurs and will use the DS-furnished needs-based assessment to initiate and continue work under WPS relating to staffing levels.

Recommendation 3. OIG recommends that the Bureau of Diplomatic Security, in coordination with the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, establish a process to ensure that Worldwide Protective Services contract staffing requirements are adjusted when needs change during the contract performance period.

A/LM/AQM response: The Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management concurs with this recommendation and will work with DS to establish a process to ensure that the Worldwide Protective Services contract staffing requirements are adjusted when needs change during the contract performance period.

Recommendation 4. OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management direct the contracting officer to ensure that invoices are sent to contracting officer's representatives or government technical

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monitors at Embassy Baghdad for review to verify that the contractor is invoicing only for goods received and services delivered.

A/LM/AQM response: The Bureau of Administration concurs with this recommendation and is pleased to report that all labor invoices are currently submitted with a muster signed by the COR or GTM that verifies contractor goods and services are delivered. Section G of the Contract currently requires the contractor to submit a copy of the monthly muster signed by the RSO, DRSO or designee responsible for the location, along with the applicable invoice for payment. The Domestic COR then conducts a thorough review of the invoice and confirms through the OCONUS COR and GTM that the contractor is invoicing only for goods and services delivered to post.

Recommendation 6. OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management recover the \$133,190 paid to the contractor for unallowable and erroneously approved costs.

A/LM/AQM response: The Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management concurs with this recommendation and intends to review the subject payments made to the contractor to determine allowability and immediately seek recovery of any payments made to the contractor in error.

Recommendation 7. OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, direct the contracting officer to conduct a comprehensive review of all contractor invoices and supporting documentation to determine whether the contractor submitted adequate supporting documentation for all reimbursable costs, including the \$1,642,537 identified in this report. If the documentation was not submitted, the contracting officer should request supporting documentation from the contractor and determine whether the costs were allowable under the contract terms. If the reimbursable costs cannot be supported or are not allowable under the terms of the contract, the Department of State should recover these funds from the contractor.

A/LM/AQM response: The Bureau of Administration concurs with this recommendation and in collaboration with appropriate DS HTP representatives will conduct a comprehensive review of the subject invoices in question to determine whether the contractor submitted adequate supporting documentation for all reimbursable costs identified in this report. The contracting officer will immediately seek recovery of any payments made in error.

Bureau of Diplomatic Security Response



United States Department of State

Assistant Secretary of State
for Diplomatic Security MAR 15 2013
Washington, D.C. 20520 *[Signature]*

**INFORMATION MEMO TO OIG – EVELYN R. KLEMSTINE,
ASSISTANT INSPECTOR GENERAL FOR AUDITS**

FROM: DS– Gregory B. Starr, Acting *[Signature]*
SUBJECT: Draft Report – Audit of Bureau of Diplomatic Security (DS)
Worldwide Protective Services (WPS) Contracts - Task Order 5 for
Baghdad Movement Security

Thank you for the opportunity to review the subject draft report. Attached
please find DS's comments.

Attachments:

- Tab 1 – DS Comments
- Tab 2 – Page 19 of the draft OIG report with supporting documents.

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DS Comment on OIG Audit of Bureau of Diplomatic Security Worldwide Protective Services Contracts - Task Order 5 for Baghdad Movement Security

Summary:

On February 22, 2013, the Bureau of Diplomatic Security (DS) received the initial draft of the OIG Audit conducted on the Worldwide Protective Services (WPS) contract Task Order 5 (TO-5). DS has reviewed the OIG's recommendations and provided responses below.

***Recommendation 1.** OIG recommends that the Bureau of Diplomatic Security and the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management (AQM), institute procedures to ensure that a needs-based analysis is conducted and documented prior to establishing all Worldwide Protective Services task order staffing requirements and prior to exercising task order options.*

DS Response: DS concurs with this recommendation. DS and AQM will ensure that a needs-based analysis is completed prior to establishing WPS task order staffing requirements or exercising task order options. DS understands this recommendation to mean that the needs-based analysis will be conducted by DS, submitted to the contracting officer's representative (COR), and placed in the appropriate contract file for reference after completion.

DS Comment: DS notes that as part of the preparation for a transition to a civilian led presence in Iraq after the departure of USF-I, the Department of State planned for a worst case scenario, to include being accountable for activities and security that had once been the responsibility of USF-I. As reported by the Commission on Wartime Contracting in 2010, 14 functions would be lost following U.S. military withdrawal; at least six of these areas were directly related to the Embassy's tactical support mission.

In preparation for the transition, DS began the process of reviewing mission tempo and identifying potential reductions in personnel by specific labor categories. The process to reduce the number of TO-05 personnel began in June 2012 and resulted in the first reduction in force modification to the contract in

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August 2012. In coordination with the Regional Security Office (RSO), a second reduction in TO-05 staffing was initiated in December 2012 and was implemented effective March 1, 2013. Moving forward, DS will work with RSOs to conduct needs-based assessments of WPS task order requirements prior to the exercise of the option year.

Recommendation 2. *OIG recommends that the Bureau of Diplomatic Security and the Regional Security Office in Baghdad establish a process to ensure that the contractor's daily movement detail reports and muster sheets are reviewed by the onsite contracting officer's representative to monitor actual staff usage against the number of staff paid.*

DS Response: DS concurs with the recommendation. DS Government Technical Monitors (GTMs) and DS CORs will continue to monitor staff usage, daily movement details and validate muster sheets. DS will coordinate with Post on refining how the mission tempo is recorded in the Appendix Z, so that it represents an accurate metric of movement security missions and that the task order provides sufficient capacity for the RSO to support the Chief of Mission's (COM's) strategic engagement objectives. DS will brief the OIG on the revised Appendix Z at a date not later than September 30, 2013.

DS Comment: The September 30, 2013 timeframe allows DS to fully implement Recommendation 2 and provides time for the summer transfer season at Embassy Baghdad to close prior to issuing a briefing.

Recommendation 3. *OIG recommends that the Bureau of Diplomatic Security, in coordination with the Bureau of Administration, Office of Logistics Management, Office of Acquisition Management, establish a process to ensure that Worldwide Protective Services contract staffing requirements are adjusted when needs change during the contract performance period.*

DS Response: DS concurs with this recommendation. DS will coordinate with AQM, DS CORs both in Washington and Iraq, and DS GTMs to establish a process to identify potential adjustments in WPS staffing. In coordination with Post and AQM, adjustments will be reflected in contract modifications. DS will ensure that any adjustments maintain sufficient capacity to provide the extraordinary levels of security required to support the COM's strategic engagement objectives.

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***Recommendation 5.** OIG recommends that the Bureau of Diplomatic Security perform a comprehensive review of its existing payment management standard operating procedure as it relates to invoice review to ensure sufficient review of all invoices and supporting documentation, including onsite review of invoices, and to ensure that the Department of State has received goods prior to payment.*

DS Response: DS concurs with the OIG recommendation to review payment management SOPs to ensure they are as efficient as possible. DS will provide the OIG with a briefing on the results of the comprehensive review on a date not later than September 30, 2013.

DS Comment: DS agrees that no invoices containing erroneous, unsupported, or unallowable costs should be paid. During the summer of 2012, DS initiated a comprehensive review of the invoice process and instituted updated SOPs.

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Subject: DS Comments on OIG Draft Report

Drafted: DS/OPO/HTP, (b)(2)(b)(6) [REDACTED]

Cleared: DS/EX – TMahaffey (ok)
DS/EX/MGT – JSchools (ok)
DS/MGT/PPD – JWeston (ok)
DS/HTP – RRentz (ok)
DS/IP/OPO – DAllison (ok)

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Tab. 2

Table 1. Unallowable Costs

| Item Number | Invoice Number | Cost Category | Unallowable Costs |
|--------------------------------|----------------|---------------|---------------------|
| 1 | 1505E003T | Training | \$28,376.26 |
| 2 | 1505E012T | Training | \$14,188.13 |
| 3 | 1505I008R | Labor | \$10,637.90 |
| 4 | 1505I010 | Labor | \$22,094.10 |
| 5 | 1505I012 | Labor | \$21,275.80 |
| 6 | 1505I015 | Labor | \$20,457.50 |
| Total Unallowable Costs | | | \$117,029.69 |

Table 2. Unsupported Costs

| Item Number | Invoice Number | Cost Category | Unsupported Costs |
|--------------------------------|----------------|------------------------------|-----------------------|
| 1 | 1505E001T | Training | \$615,122.24 |
| 2 | 1505I002T | Training | \$26,975.53 |
| 3 | 5ICF11D002 | Contractor Acquired Property | \$11,328.83 |
| 4 | 5ICF11D001 | Contractor Acquired Property | \$103,050.15 |
| 5 | 5ECF11E001 * | Contractor Acquired Property | \$88,308.86 |
| 6 | 5ECF11F003 | Contractor Acquired Property | \$12,558.91 |
| 7 | 5ECF11G006 * | Contractor Acquired Property | \$24,808.82 |
| 8 | 5ECF11H009 * | Contractor Acquired Property | \$27,166.88 |
| 9 | 5ECF11F003SUP | Contractor Acquired Property | \$11,906.28 |
| 10 | 5ECF11F005SUP | Contractor Acquired Property | \$1,623.47 |
| 11 | 5ECF11G006SUP | Contractor Acquired Property | \$1,024.58 |
| 12 | 5ECF11H009SUP1 | Contractor Acquired Property | \$1,905.00 |
| 13 | 5ECF11C010 | Contractor Acquired Property | \$295,462.32 |
| 14 | 5ECF11C010SUP | Contractor Acquired Property | \$37,340.98 |
| 15 | 5ECF11D013 | Contractor Acquired Property | \$303,629.01 |
| 16 | 5ECS11G004R | Communication | \$34,636.86 |
| 17 | 5ECS11H005R | Communication | \$5,544.65 |
| 18 | 5ECS11E001R | Communication | \$7,523.06 |
| 19 | 5ECS11F002R | Communication | \$32,620.68 |
| Total Unsupported Costs | | | \$1,642,537.11 |

* Note: These invoices and amounts included at least \$132,656.37 in cost-reimbursable amounts approved without receipts for purchase.

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Tab: 2

| Invoice Number | Response | File Name |
|-----------------------|---|---|
| 1505E001T | Training Certificates Provided | 1505E001T – Backup.pdf |
| 1505I002T | Training Certificates Provided | 1505I001T – Backup 1 of 2.pdf 1505I001T – Backup 2 of 2.pdf |
| 5ICF11D002 | Proof of Receipt In-Country Provided | TO-5 Inventory Check for Invoiced Amounts.xlsx |
| 5ICF11D001 | Proof of Receipt In-Country Provided | TO-5 Inventory Check for Invoiced Amounts.xlsx |
| 5ECF11E001 | Purchase Receipts Provided | 5ECF11E001 – Backup 1 of 2.pdf 5ECF11E001 – Backup 2 of 2.pdf |
| 5ECF11F003 | Proof of Receipt In-Country Provided | TO-5 Inventory Check for Invoiced Amounts.xlsx |
| 5ECF11G006 | Purchase Receipts Provided | 5ECFG006 – Backup.pdf |
| 5ECF11H009 | Purchase Receipts Provided | 5ECF11H009 – Backup.pdf |
| 5ECF11F003SUP | Proof of Receipt In-Country Provided | TO-5 Inventory Check for Invoiced Amounts.xlsx |
| 5ECF11F005SUP | Proof of Receipt In-Country Provided | TO-5 Inventory Check for Invoiced Amounts.xlsx |
| 5ECF11G006SUP | Proof of Receipt In-Country Provided | TO-5 Inventory Check for Invoiced Amounts.xlsx |
| 5ECF11H009SUP1 | Proof of Receipt In-Country Provided | TO-5 Inventory Check for Invoiced Amounts.xlsx |
| 5ECF11C010 | Proof of Receipt In-Country Provided | TO-5 Inventory Check for Invoiced Amounts.xlsx |
| 5ECF11C010SUP | Proof of Receipt In-Country Provided | TO-5 Inventory Check for Invoiced Amounts.xlsx |
| 5ECF11D013 | Proof of Receipt In-Country Provided | TO-5 Inventory Check for Invoiced Amounts.xlsx |
| 5ECS11G004R | Purchase Receipts Provided In country delivery receipts not available, see note | 5ECS11G004R – Backup.pdf; proof of shipping and fact of delivery was accepted as sufficient, DS is now revising its practices |
| 5ECS11H005R | Purchase Receipts Provided In country delivery receipts not available see note | 5ECSH005R – Backup.pdf; proof of shipping and fact of delivery was accepted as sufficient, DS is now revising its practices |
| 5ECS11E001R | Purchase Receipts Provided In country delivery receipts not available see note | 5ECSE001R – Backup.pdf; Proof of shipping and fact of delivery was accepted as sufficient, DS is now revising its practices |
| 5ECS11F002R | Computer equipment listed was billed as cost reimbursable in error, should have been firm fixed price. DS has requested credit from TC. | WPSTO5CreditReqCAP20130204.pdf |

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